
Minutes

Board of Natural Resources

June 3, 2003
Natural Resources Building, Olympia, Washington

BOARD MEMBERS PRESENT

Doug Sutherland, Commissioner of Public Lands

Bob Nichols for Governor Gary Locke

Terry Bergeson, Superintendent of Public Instruction

Glen Huntingford, Commissioner, Jefferson County

Bruce Bare, Dean, University of Washington, College of Forest Resources

James Zuiches, Dean, Washington State University, College of Agriculture and Home Economics

BOARD MEMBERS ABSENT

CALL TO ORDER

Chair Sutherland called the meeting to order at 9:10 a.m. on June 3, 2003, in Room 172 of the Natural Resources Building. He noted that the agenda order would change slightly to accommodate the schedules of the Board members (Sustainable Harvest Calculation presentation will follow Land Transactions).

APPROVAL OF MINUTES

MOTION: Bob Nichols moved to approve the May 6, 2003, Board of Natural Resources Minutes.

SECOND: Jim Zuiches seconded.

ACTION: Motion passed unanimously.

PUBLIC COMMENTS FOR AGENDA ACTION ITEMS

Patricia Powell - Executive Director of Whidbey Camano Land Trust

Ms. Powell urged support for the proposed Carp Lake and Goss Lake Trust Land Transfers. She indicated that Carp Lake is one of the last intact, forested areas left on Camano Island, which is rapidly developing. Goss Lake is part of an area enjoyed immensely by area residents utilizing its elaborate trail system. The County Commissioners unanimously endorse the transfer of the properties to Island County for open space and recreation purposes. She then thanked Commissioner Sutherland and his staff for recommending the two transfers.

LAND TRANSACTIONS

Goss Lake Trust Land Transfer #02-073232 Resolution #1068 (Handout 1)

Evert Challstedt began with the status of the Trust Land Transfer Program. Due to lack of funds, not all of the properties will be processed. He then moved to the Goss Lake Trust Land Transfer.

Goss Lake is located on southern Whidbey Island in Island County (600 acres). Over 150 emails and letters were received in support of the transfer and opposing future timber harvest. The property has an extensive trail system. Values: land \$1,700,000 (\$2,833/acre); timber \$2,780,00 (\$4,633/acre); total \$4,480,000 (\$7,467/acre). Benefits: trust divests of difficult to manage property; provides funds for school construction; provides funds for land replacement; property will be dedicated for public use and recreation. The department recommends approval.

MOTION: Bob Nichols moved to approve Resolution #1068.

SECOND: Terry Bergeson seconded.

ACTION: Motion passed unanimously.

Carp Lake Trust Land Transfer #02-073231 Resolution #1069 (Handout 2)

Evert Challstedt stated that Carp Lake is located on Camano Island and is the second largest trust land ownership in Island County (402 acres). Values: land \$1,350,000 (\$3,356/acre); timber \$4,717,000 (\$11,726/acre); total \$6,067,000 (\$15,090/acre). Benefits: trust divests of isolated property; provides funds for school construction; provides funds for land replacement; property will be dedicated for public use. The department recommends approval.

MOTION: Terry Bergeson moved to approve Resolution #1069.

SECOND: Bob Nichols seconded.

DISCUSSION: Glen Huntingford wondered about the parcel being dedicated to recreation and asked - if 20-30 years in the future a community group decides that a thinning is needed and could provide revenue to make improvements to the parcel, will they have the opportunity to do that?

Mr. Challstedt said there are no deed restrictions to harvest timber.

Jim Zuiches asked if this the last property that DNR owns on Camano Island?

Mr. Challstedt said no, but it is the last larger block.

ACTION: Motion passed unanimously.

Little Pend Oreille Intergrant Exchange #08-074680 Resolution #1070 (Handout 3)

Evert Challstedt reminded the Board that the Little Pend Oreille is agricultural school trust land and by legislation, cannot be transferred unless it is converted to common school trust land through an intergrant exchange.

The Department determined that 13.7 acres of Common School trust property within the city of Pasco, Franklin County is of equal value to the Agricultural School trust property in Stevens County.

Values: Agricultural School Trust in Stevens County (37 acres) \$220,000 (\$5,946/acres). Common School Trust, Franklin County, (13.7 acres) \$220,000 (\$16,047/acre). Benefits: positions Common School Trust for Trust Land Transfer; positions Agricultural School Trust for future transfer. The department recommends approval.

MOTION: Terry Bergeson moved to approve Resolution #1070.

SECOND: Glen Huntingford seconded.

DISCUSSION: Bruce Bare asked what the intent of the department is with the remaining lands below the canal, which appears unused at this time?

Mr. Challstedt asked Julie Armbruster to come forward to clarify.

Ms. Armbruster indicated that the Pasco School District requested up to 80 acres in the southwest corner of the property and that is being negotiated. When an agreement has been reached it will be brought to the Board for approval. The other areas of the property have interest from various parties but nothing confirmed at this time.

ACTION: Motion passed unanimously.

Little Pend Oreille Trust Land Transfer #02-073194 Resolution #1071 (Handout 4)

Evert Challstedt began with the location of the property in Stevens County northeast of Colville (38.6 acres). Values: land \$195,000 (\$5,270/acre); timber \$25,000; total \$220,000. Benefits: trust divests of property with low income potential; provides funds for school construction; provides funds for land replacement; property adds to Natural Area Preserve. The department recommends approval.

MOTION: Glen Huntingford moved to approve Resolution #1071.

SECOND: Jim Zuiches seconded.

ACTION: Motion passed unanimously.

Kennewick 16 B Direct Transfer #02-074591 Resolution #1072 (Handout 5)

Julie Armbruster began with an update on the Tri-Cities project (Slide 3). She then presented the Kennewick Transfer. Characteristics: 59.27 acres; not producing income at this time; within Kennewick city limits and urban growth boundary; currently zoned agricultural (comp plan calls for upgrade to residential); direct transfer to City of Kennewick Parks Department; appraised at \$1,000,000 (\$16,9000/acre). Benefits: transfer disposes of property that is not generating income; proceeds will be used to acquire properties with higher income potential; sale timing corresponds to favorable local real estate market.

MOTION: Glen Huntingford moved to approve Resolution #1072.

SECOND: Terry Bergeson seconded.

DISCUSSION: Glen Huntingford asked if the value had been refigured due to re-zoning? Ms. Armbruster said yes.

ACTION: Motion passed unanimously.

Ensor Land Bank Sale #02-073905 Resolution #1073 (Handout 6)

Julie Armbruster described the characteristics of the property: 5.69 acres with two homes and several out buildings; lessee requested purchase of property leased for home site and is paying all costs of sale preparation – will continue leasing remainder of section for dryland wheat farming; to be sold at public auction per land bank statutes; appraised at \$15,000. Benefits: removes an encumbrance from trust land that is time-consuming to manage; improves value of property for future sale of trade; disposes of property with two underground fuel tanks; enables acquisition of replacement property. The department recommends approval.

MOTION: Terry Bergeson moved to approve Resolution #1073.

SECOND: Jim Zuiches seconded.

ACTION: Motion passed unanimously.

Board members requested an update on the outcome of the auction.

Big Lake & Sultan Basin Purchase #08-074738 Resolution #1074 (Handout 7)

Julie Armbruster began with the proposal to acquire two forest land in-holdings: 80 acres in Snohomish County - Sultan Basin Parcel; and 120 acres in Skagit County - Big Lake parcel. The acquisition is being facilitated by the Trust for Public Land known as TPL. TPL will acquire the property from current owner and will, in turn, convey the property to the state.

Property Characteristics: soils are site 3 on both properties; both properties located in rain-on-snow zones; in HCP “no role for spotted owl” areas of North Puget Planning Unit; no known owl circles or other critical habitat areas; roads are in average condition – potential RMAPS upgrades considered in valuation; Sultan Basin property has about 186 mbf of merchantable timber on 12 acres; Big Lake has about 249 mbf of merchantable timber on 21 acres; remainder of both properties is 5-8 year old reproduction stands, plus 4 acres of riparian area on Sultan Basin property.

Purchase price and Trust assignments: Big Lake parcel is appraised at \$193,000 and proposed for acquisition by the Community & Technical College Forest Reserve Trust. Sultan Basin parcel is appraised at \$99,000 and proposed for acquisition by the Common School Trust using funds from the Park Land Trust Revolving Account. Benefits: eliminates two in-holdings in state forest blocks improving management efficiency; allows DNR to control road system; prevents future incompatible uses by private landowner; moderately productive lands with existing merchantable timber and reproduction stands; and Big Lake parcel has potential rock source. The department recommends approval.

MOTION: Glen Huntingford moved to approve Resolution #1074.

SECOND: Jim Zuiches seconded.

DISCUSSION: Jim Zuiches brought up potential harvests made by the private landowner and the fact that they would need to use state roads. He asked if the department would be compensated for that use?

Ms. Armbruster said yes, they would pay a right-of-way fee.

Jim Zuiches then brought up replanting by the private landowner asking if they would be required to replant to the same standards the department has?

Bruce Mackey (from the audience) answered that they must meet the Forest Practices requirements.

ACTION: Motion passed unanimously.

CHAIR REPORTS

Sustainable Harvest Calculation (Handout 8)

Angus Brodie began with a brief recap of Alternatives 1, 2, 3, and 4 (presented at previous Board meetings).

Alternative 1 - No Action Alternative, Current Operations

Expectations: maintain current revenue portfolio; habitat development predominately with natural processes. Proposed BNR Action: no policy or procedural changes; and sustainable harvest level adopted.

Alternative 2 - HCP Intent (renamed)

Expectations: increase current revenue portfolio size; maintain current revenue portfolio profile; faster habitat development as a result of active management and silvicultural investments.

Alternative 3 - Management Under Combined Ownerships

Expectations: increase current revenue through efficiencies in a combined ownership approach; maintain current revenue portfolio profile; faster habitat development as a result of active management and silvicultural investments.

Alternative 4 - Retain Older Forests with Longer Rotations

Expectations: harvest more by thinning and larger diameter wood; revenue portfolio will be represented by a larger diameter distribution; habitat development a mix of natural processes in riparian areas and silviculture in designated upland areas.

Mr. Brodie then continued with his presentation of Alternatives 5 & 6.

Alternative 5 - Key Policy and Strategies for Revenue Generation (Slide 10)

Expect to increase the size of the distribution.

Change in strategies from Alternative 1: sustainable even-flow; 20 ownership groups; determining the minimum regeneration harvest age is based on economic factors over biological; even-age silviculture; intensive silvicultural strategies; management in habitat areas as Alternative 2.

Alternative 6 - Key Policy and Strategies for Revenue Generation (Slide 11)

Expect to broaden the shape of the distribution with harvest of more larger timber and more thinnings.

Change in strategies from Alternative 1: sustainable even-flow; 20 ownership groups; determining the minimum regeneration harvest age is a balance of biological and economic factors resulting in variable harvest ages; even-age silviculture; increased active management in habitat areas; biodiversity pathway silviculture.

Terry Bergeson asked what the differences are in silvicultural strategies?

Mr. Brodie said we will not limit the fertilization ability across the forested state; we will be applying heavier commercial thinnings; and we will use different types of thinnings in relation to NRF and dispersal areas in the biodiversity pathways.

Terry Bergeson asked Mr. Brodie what the practical differences are between 5 & 6?

Mr. Brodie said that in Alternative 5 there is more of a commercial/industrial model for managing state trust lands; in Alternative 6 it is similar to Alternative 2 in terms of silviculture, but it adds in biodiversity pathways.

Bruce Bare asked if Alternative 6 is still a zoned approach?

Mr. Brodie said yes. He then continued with current estimate of HCP stand stages (Slide 13). He also indicated that he is trying to create a useful metric to bring to the Board on June 25. Slide 14 showed evaluation criteria: cost; revenue; time; and environmental impacts.

Bruce Bare suggested the term “current estimate” should be changed to reflect the statement within the footnote “ HCP Modeling Expectations”.

Mr. Brodie agreed to change that.

Alternative 5 - Key Policy and Strategies for Habitat Management: Alternative 5 relies on silviculture and natural disturbance to produce complex forest structures; expect habitat to develop as a result of silviculture activities.

Bruce Bare asked how one would model “natural disturbances”?

Mr. Brodie said only with time. There are no random events included in the model.

Alternative 6 - Key Policy and Strategies for Habitat Management: Alternative 6 relies on biodiversity pathways to accelerate the development of complex forest structures; expect habitat to develop as a result of silviculture activities.

Alternative 5 - Summary (Slide 18)

Shorter rotation with more management.

Expectations: increase current revenue through increased silvicultural investments; maintain current revenue portfolio profile; habitat development as a result of active management and silvicultural investments.

Alternative 6 - Summary (Slide 20)

Biodiversity pathways with variable rotations.

Expectations: increase current revenue through increased active management of habitat areas; broaden the revenue portfolio with additional large diameter wood; accelerate habitat development as a result of active management through biodiversity pathway management.

Mr. Brodie summarized upcoming events and agenda topics:

June 25 - Technical Review Committee panel discussion

August - Publication of DEIS

45 days from DEIS - Public comment period

Public design preferred alternative for FEIS

Bruce Bare asked if the Board would be getting a preview of the information before the June 25th Board meeting?

Mr. Brodie said he would provide some form of the information to the Board before June 25.

Bruce Bare asked about the process that the Board will use for the mix-and-match approach?

Chair Sutherland indicated that there will be a discussion at the August Retreat.

Bruce Mackey added that the Board should stay focused on the goal and the desired outcomes. One of the dangers, as the next steps are taken, is the Board members trying to absorb each detail and to try to understand each implication. In the end, if the Board members have a sense of the tradeoffs for the social, economic, and environmental, and are clear about the direction to go, then the department will prepare alternatives and bring them back to the Board for consideration.

Chair Sutherland anticipates a public meeting to hear comments about the various alternatives. He was not sure where or when but would have that information by the June 25, meeting.

Bruce Bare asked Mr. Brodie if he would be showing the Board the impacts on each individual trust with all six alternatives? Mr. Brodie said yes.

Note: Jim Zuiches excused himself from the meeting.

TIMBER SALES

Marketing Update (Handout 9)

Jon Tweedale - Product Sales Manager, indicated that the Canadian dollar continues to rise and is putting a market squeeze on the mills in Canada. With the exchange rate strengthening, there are mill curtailments taking place in Canada and some economists predict that the Canadian dollar might reach high in the .70 range and could continue into FY 04. There continues to be excess in supply on the finished lumber side. Fir prices are improving slightly.

May Sales Results (Handout 9)

Mr. Tweedale provided the sales results (Slide 4): 29 sales offered and 28 sold; 86.2 mmbf offered and 82 mmbf sold; \$16.5 million minimum bid and 18.8 million sold; \$192/mbf offered and \$230.mbf sold; average bidders 3; 21% above minimum bid.

Mr. Tweedale then discussed FY 03 volume projections: sold to date - 487 mmbf; have offered 557 mmbf. He mentioned that last month he stated that the department would offer 561 mmbf and said the reason it is 557 mmbf is due to one sale that did not bid. It takes a couple of months to put back through the system, so the volume will be added to FY 04, increasing it by 4 mmbf. The department will offer 557 mmbf and Mr. Tweedale is confident that we will hit the 550 mmbf. If we fall short it will simply increase next year's volume.

Proposed Timber Sales for July 2003 (Handout 9)

Mr. Tweedale continued with July sales indicating the six sales being offered at 22.5 mmbf with a \$4.2 million minimum bid at an average of \$189/mbf. There are three forest health sales, a pole sale, and two sales in Central Region.

Mr. Tweedale drew the Board's attention to the Looper Timber Sale. He distributed a handout from Karen Ripley regarding Looper infestations (Handout 10). Looper (*Lambdina Fiscellaria Lugubrosa*) is a forest defoliator in western Washington. Loopers are caterpillars in the family Geometridae commonly called inchworms. These worms have attacked approximately 15,000 acres in Sultan Basin over the last two to

three years. Over the last year, the Looper has multiplied into epidemic proportion so the department is strategically looking at those landscapes. There will be partial cuts and some regeneration cuts to help control the infestation.

Bruce Bare noticed that the two Looper sales were located in the city of Everett watershed, and asked what harvest procedure changes were instituted due to that?

Mr. Tweedale said that there was a watershed analysis done consistent with the HCP.

Bruce Bare also asked about a note received on the Rolin Rise and See Saw sales. The note indicated that the sales contain pole quality Douglas fir and/or cedar and he wanted to know how that was reflected in the bid in the appraisal? He noted that it wasn't reflected in the appraisal.

Mr. Tweedale said that the department is doing direct appraisals now as opposed to comp sale appraisals. The direct appraisals allow for separation of different products and value each product as a separate sale, and that is then reflected in the total bid value. Mr. Tweedale indicated that he did not have the specific information on the particular appraisal but he would get it. He added that generally different products are reflected at a different price and the total value will have the specific product in the bid value.

Bruce Bare pointed out that it is difficult to find that information in the packets they receive.

MOTION: Glen Huntingford moved to approve the July 2003 Timber Sales.

SECOND: Bob Nichols seconded.

ACTION: Motion passed unanimously.

Mr. Tweedale then introduced Bill Hermann of Hermann Brothers Mill and other family logging endeavors since 1968. Their success story is a tribute to those who embrace new technologies and cutting edge operations. Mr. Hermann came to present a video representing the way he and his family have implemented new technologies into their small log mill.

Small Log Utilization/Temporary Road Design

Bill Hermann began by showing some old photos of wood plank logging roads, demonstrating that this is an old technique. He then illustrated (via video) a new idea to build logging roads by grinding up wood waste products such as stumps and brush to create logging roads, rather than using expensive lumber or gravel. The process also protects the environment in a variety of ways, i.e., roads are not permanent, trees can be planted in the material once spread, less truck hauling of materials such as gravel or lumber for roads, and all harvest waste can be utilized. Approximately 6% of forestland is covered with logging roads, and this process could reduce that to 3%, opening a great deal of land for planting trees and other uses.

Mr. Hermann said the reason he wanted to give this presentation is that it clearly ties into the sustainable harvest discussions regarding what to do with thinning wood that would be developed in the sustainable harvest model. Thinning wood is very small and currently has little value because the mills don't want it. He and his family have built a mill that can produce small wood and is highly efficient. He then demonstrated his innovative mill with its unique computerized log-sorting system via video. It processes 30 to 50 logs per minute and cuts approximately 400,000 feet a day with five mill operators. The system also sorts the logs in diameter classes. The mill runs efficiently at 100 million feet of lumber a year with

an average log diameter of 5.8". Most log mills want to keep their log diameter at the 9" range. Mr. Hermann stated that his mill needs 12,000 tons of wood per day to remain running, he then calculated that if only half of the commercial forests were thinned (public, private, and state), then there would be room for ten more mills such as his, just to process thinning wood (1 billion board feet of lumber each year).

Chair Sutherland asked what Mr. Hermann's approximate capital investment was?

Mr. Hermann said about \$20 million.

CHAIR REPORTS CONTINUED

Update of Potential for Certification (Handout 11)

Craig Partridge - DNR Policy Director, outlined his presentation and then reviewed past Board discussion regarding certification (Slide 2):

January 2000

The Board had a major panel discussion regarding certification at the time the department was considering FSC assessment. The panel included David Ford from the Certified Forest Products Council, Will Hamilton from the Industrial Forest Production Association, Paul Prego from Mount Baker Plywood, and John Swager from Home Depot. This group provided their perspective of the market for certified products.

January 2001

Draft FSC assessment report was completed and the Commissioner notified the Board.

February 2001

In response to a legislator's question, the Board had a discussion with the Attorney General's about the department's authority to pursue certification at the Board level. The answer to that question was "yes" the Board did have that authority.

May 2001

The FSC assessment was completed and the Board received copies of it.

June 2001

DNR held a public meeting to discuss certification.

November 2001 & February 2002

The Board had discussion with sustainability panel, which included Montreal Criteria and Indicators and how those criteria and indicators interacted with our management process.

Various Meetings Over Last Two Years

The department has had a variety of public comments on different certification systems and how they interact with the Board and its decision-making, including the sustainable harvest calculation.

October 2002

Craig Partridge updated the Board on the funding for the dual assessment and at that time, the Board asked Mr. Partridge to come back with information, if any, on actual economic benefits of certification. Today's presentation is based on that request.

Mr. Partridge began by presenting a long list of names and entities he had spoken with in regards to their knowledge and opinions of certification (Slide 4). Mr. Partridge emphasized that his conclusions are his own, and not necessarily the conclusions of those he has been in contact with. He then provided a summary of information on potential economic benefits of certification.

The primary question posed - is there any systematic information on economic benefits to landowners from certification? Through the research Mr. Partridge has done, he found there is little or no systematic information on potential economic benefits of certification. There is a lot of suggestive anecdotal information, and perhaps more systematic information coming in the near future. Through all of Mr. Partridge's research, he found that there is no evidence of price premiums to a landowner from certification other than very rare cases. Landowners actually incur costs to become certified and there appears to be no ability to recover those costs from the market place at this time. So the decisions landowners are making to become certified are more of a "cost of doing business" rather than a decision with the expectation of making a profit.

Market access has become the main consideration and Mr. Partridge presented conclusions he has drawn. There are no systematic studies attempting to translate the potential for retaining or gaining market share into actual economic benefit. There is case specific information at various places in the supply chain, for example some well-known retailer announcements about how they are going to buy only certified products, and the expectation is that those decisions will ripple back up to the supply chain towards the landowner. Those are only announcements and there are no case studies that indicate otherwise. However, the major purchasers of forest products are moving towards environmental procurement, although that currently is a small percentage. The trend is more and more purchasers of timber and purchasers of manufactured products are seeking environmentally beneficial products.

The evidence at this point (down the supply chain) is that specific brands of environmental certification are not as important as the general feeling that the products are coming from sustainable forest practices. Most think that growth in this trend is likely and is actually being driven more by the major retailers than by end consumers. There is little evidence that end consumers are willing to express a preference for certified product in the face of any kind of price differential. It is being driven by the retailers, and that is where the effort has been made to influence business practices and that is where the choices are being made that drive this trend. However, the trend has not reached the DNR doorstep, meaning the major DNR purchasers are not demanding certified wood. They may benefit from it if it's available because some of them are having part of their manufacturing system become certified so they can supply further down the line, but the department will not likely see higher bid prices for certified timber, or a shrinking of demand for non-certified wood as a result of those developments. Another indication of the trend is most industrial forestlands in Washington are getting certified. 100% of Weyerhaeuser timberland is now SFI certified through a third party evaluation.

A critical component of most private companies' decision to move to environmental procurement is in part to establish a positive public image, and in part to avoid potential for negative publicity. That type of public reaction may not be appropriate for the Board to consider as part of its certification decision, and Mr. Partridge pointed out that his presentation is based more on economic impacts from the market place.

He then concluded that environmental procurement of forest products is a small but growing trend, and is not highly correlated with end consumer preferences, and it's not yielding direct economic benefits to forestland owners. Instead, marketing flexibility and public acceptance are the primary, potential advantages, and those advantages are what the Board would need to weigh against any costs that may be incurred by becoming certified by whatever system.

Bruce Bare pointed out a statement in the 1992 Forest Resources Plan regarding Board policy - "to meet or exceed environmental standards". Bruce suggested that while there may not be a direct economic benefit, certification might be a way to recognize that the Board is exceeding state forest practices, per Board policy.

Mr. Partridge agreed but pointed out the cost factor. He reiterated the department's original intent in pursuing certification assessment, which was based on the adoption of the HCP, and to see if the management program with the HCP was certifiable under any of the systems. The department does exceed certain forest practices minimums where it is in the trust's interest to do so and certification would be a way to perhaps recognize that.

Summary of May 2001 FSC Assessment Recommendations (Slides 10 - 12)

The general recommendation was in favor of certification, however there were 27 conditions that would need to be met before certification was given. Mr. Partridge indicated that he would provide the Board with a flavor of those conditions to help them form judgments about seeking certification. He also pointed out that this assessment and its conclusions are somewhat out of date. The Forest Stewardship Council has adopted new standards for the west coast.

The highlights of the 27 conditions are: to do a sustainable harvest calculation (so obviously the department is on the right track); either extend the rotation from the current 60 years to 75 or 80 years or, leave 25% of trees in all harvest areas; about 10 conditions required more data collection, more planning, more analysis, hiring more biologists, and changing the organizational role of the biologists (the impact from those would be primarily on the budget); redefine our management philosophy for balancing trust expectations with long-term ecological conditions (Mr. Partridge believed that this was a misunderstanding on the part of the assessor of the perpetual nature of the trusts and our legal duty not to favor present over future generations); seek to increase the FDA from its current 22% to its legally allowable 25%; keep transition lands in forests even if we are disposing of them, such as through deed restrictions, etc.; increase contract harvesting (which we plan to do as a result of the legislation that passed this Session); 7 conditions required more intensive public use management (which would require more general fund state dollars that we don't really have); and finally, permanently protect all old growth reserve and plan to increase protection of what was called high conservation value forests (it was not entirely clear what that meant in the assessment, but with an assessment update, that may indicate the intent).

Mr. Partridge then highlighted some of the new west coast FSC standards: increased old growth protection requirements; no harvest of any old growth 20 acres or larger, or smaller buffer patches in some cases, and protected buffers around old growth; maintain existing old growth characteristics and recreate old growth in deficient landscapes.

Bruce Bare asked for a copy of the west coast FSC standards?

Mr. Partridge agreed to provide that information.

He then continued with an update on fundraising, which has been slower than expected. The funds available "in hand" so far are \$45,000. Another \$20,000 is expected. \$60,000 is currently being requested. The approximate cost of dual assessment (FSC \$70,000) (SFI pre-certification audit \$35,000 and SFI full audit \$120,000) a total of \$225,000. The department does not have the funds to complete the full SFI assessment, which raises the question - do we wait for all the funding necessary and do the entire package the way it was originally anticipated or do we move forward and develop some of the results. Mr. Partridge has correspondence from the Pichot Institute with a commitment to the high priority

they are placing on this and their confidence in being able to get the rest of the funding to do the full body of work. Based on that, the department is proposing to proceed with 1) the pre-certification SFI audit, and 2) the FSC update. Will review resulting information with Board as it becomes available.

Chair Sutherland wanted to be sure the Board understood the status of the department regarding certification and was comfortable with the approach. He stated that it may take approximately one year to complete what is now fundable, and proceeding would be a positive approach to gaining some answers now. Chair Sutherland concurs with Mr. Partridge's recommendation to proceed.

Terry Bergeson stressed that if the restrictions become even more stringent, then this may not be plausible at this time.

Mr. Partridge said that would be up to the Board members to decide.

Terry Bergeson added that as the sustainable yield calculation progresses and the Board makes its final decision late in the fall, the lack of information may preclude certification at that point. She pointed out that certification is not simply an element of one of the options, but is an overall condition considering what is affordable to do and what is right to do in terms of sustainable harvest and management protocol.

Bob Nichols expressed his concern to Chair Sutherland that the Board ends up with a full assessment of one system but not the other. The Board's expectation is that there will be a fair comparison.

Chair Sutherland concurred.

Glen Huntingford expressed his concern for the long-term/ongoing costs. He also brought up a possible benefit from certification suggesting that as Weyerhaeuser and others like it become certified, what happens to small private landowners and the department, i.e., will the playing field become un-level? If DNR does go through the certification process, maybe it will be able to do something for the small landowners by coming back through the forest practice regulations and certifying the entire state.

PUBLIC COMMENTS FOR GENERAL ITEMS OF INTEREST

Bob Dick - American Forest Resource Council

Mr. Dick concurred with Glen Huntingford's concerns about the administrative costs associated with certification. All forms of certification have substantial administrative burdens. He also commented on the earlier sustained yield discussions. He stated that you cannot model fire disasters but it does need to be planned for, and he has not seen adequate recognition of forest disasters. He listed several disasters from the last century that affected Washington forests. These disasters cannot be predicted but they can be addressed in the planning process.

Janet Strong - 18-Year Resident Near McCleary/Capital Forest (Handout 12)

Ms. Strong commented on the Capital Forest and the Khaos timber sale. The harvest level appears to be much too high and she requested an investigation. She also expressed concern about the harvest drainages, especially in the Porter Creek watersheds. She commended the department's treatment of riparian zones and the way they have protected the wetlands with buffers. Ms. Strong also stated that the rotation age of 60 years is not enough for habitat diversity to begin developing.

Note: Terry Bergeson excused herself from the meeting.

Ms. Strong then provided recommendations for Capitol Forest: provide thorough investigation of the harvest rate for the harvestable areas; maintain the healthy HCP riparian and wetland buffers; lengthen the rotation age to at least 70 years with less variance; retain pockets of small stands of older trees for habitat diversification; continue the excellent program of abandoning or eliminating unnecessary roads.

Ms. Strong continued with comments on the Khaos timber sale, requesting that the sale be redesigned to connect the two wetlands. She also thinks most of the unit looks too young, so postponing the sale may be appropriate and could bring addition revenue at a later date, maybe about 10 years.

Rod Fleck - Attorney for the City of Forks

Mr. Fleck congratulated Jon Tweedale for meeting his objectives. He then expressed concern for random events in the forests stating that Options does not address potential disasters. He brought up mixing-and-matching and wondered how difficult it might be to run sorts, and what will occur if the Board adopts an alternative, but then something changes in the next few years and something in the forest resource plan didn't get adopted. He asked how adjustments would be made for occurrences such as natural disasters.

Becky Kelley - Washington Environmental Council

Ms. Kelley said she was glad to hear the report on certification. She commented on the cost and benefits section of the report. She noted that there are also costs associated with not becoming certified and she encouraged the Board to think about those as well. She also mentioned that certification could be a tool to change public expectations. Ms. Kelley disagreed with an earlier statement to avoid the "details" and focus on the "goals". She stated that it is just as important to talk about the details as well as the goals because part of biodiversity pathways as researched have longer rotations, and it would be dishonest to pick the preferred pieces about biodiversity pathways, which is more thinning, and leave behind the less preferred pieces, which is longer rotations. Now is the time to grapple with the tough questions.

Chair Sutherland asked if there was anyone else present wishing to make comment before the Board? Seeing none, hearing none.

Meeting adjourned at 1:10 p.m.

Approved this ____ day of _____, 2003

Doug Sutherland, Commissioner of Public Lands

Bob Nichols for Governor Gary Locke

Bruce Bare, Dean, University of Washington

James Zuiches, Dean, Washington State University

Terry Bergeson, Superintendent of Public Instruction

Glen Huntingford, Commissioner, Jefferson County

Attest:

Maureen Malahovsky, Board Coordinator